

Legislative Bulletin.....September 24, 2009

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H.R. 3631 — Medicare Premium Fairness Act

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Order of Business: H.R. 3631 is scheduled to be considered on Thursday, September 24, 2009, under a motion to suspend the rules and pass the resolution. Passage of H.Res. 766 makes it in order to consider this legislation under suspension of the rules today.

Summary: H.R. 3631 would extend the Medicare Part B premium “hold-harmless” provision established under the Social Security Act to ensure that all Medicare beneficiaries would not receive an increase in premiums for 2010. The bill would offset the estimated \$2.8 billion cost by transferring the needed sums from the Medicare Improvement Fund.

Background: Current CBO and Social Security Board of Trustees projections indicate that due to expected deflation there will not be a Social Security cost-of-living adjustment (COLA) for 2010 and 2011. During this same period, of time overall Medicare Part B program costs will increase resulting in higher beneficiary premiums as current law dictates that Part B premiums must cover 25% of the projected Part B costs.

Under current law, when there is no COLA, Medicare Part B premiums under the “hold-harmless” provision would exempt 75% of beneficiaries from premium increases while the remaining 25% (11 million) would bear the full cost of the increase, which according to CMS actuaries would be \$8 a month in 2010. The 25% of Part B beneficiaries that would be affected include:

- **Low-income beneficiaries:** Low-income beneficiaries whose Part B premiums are not withheld from their Social Security benefits, but instead are fully paid by the Medicaid program, currently make up 17% to 18% of Part B enrollees (but are expected to increase).
- **High-income beneficiaries:** High-income beneficiaries who pay income-related Part B premiums (income over \$85,000 per individual/\$170,000 per couple) make up about 5% of Part B enrollees.

- **New enrollees:** New enrollees make up about 2% of Part B enrollees.

Possible Conservative Concerns: Numerous aspects of H.R. 3161 may raise concerns for conservatives, including, but not necessarily limited to, the following:

- **Medicare Insolvency:** Some conservatives may question why we are robbing the Medicare Improvement Fund in order to prevent beneficiaries from paying for their 25% share of Medicare Part B costs at a time when the Medicare Hospital Insurance Trust Fund is scheduled to be exhausted in 2017. Some conservatives may object to continuing to do short-term Medicare bail-outs.
- **True Cost to Medicare Beneficiaries:** Conservatives may question whether beneficiaries would truly be affected by the \$8 dollar monthly premium increase, when they already received an above-inflation increase of \$516 in 2009, at a time when consumer prices have fallen by 2.3% over the last 9 months, thus actually increasing beneficiaries buying power.
- **Democrat Double Talk:** Some conservatives may question why Democrats have rushed to stop these premium increases while at the same time moving forward H.R. 3200 which cuts Medicare by over \$500 billion and increases Medicare Part B premiums by \$25 billion.
- **Timing / Process:** Some conservatives may be concerned about the current rush to bring a bill costing \$2.8 billion to the floor for a vote under suspension of the rules less than 24 hours after it has been introduced without going through committee.

Committee Action: H.R. 3631 was introduced on September 23, 2009, and referred to the Committee on Ways and Means and the Committee on Energy and Commerce, which took no official action.

Cost to Taxpayers: According to the Congressional Budget Office (CBO) preliminary estimates, H.R. 3631 would cost \$2.8 billion. The bill would offset these costs by transferring the needed sums from the Medicare Improvement Fund. The Medicare Improvement Fund was established under MIPPA and together with the FY32008 Supplemental Appropriations Act made \$2.22 billion from the Part A and B Trust Funds available for services furnished during FY2014, and an additional \$19.9 billion available for fiscal years 2014 through 2017.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

RSC Staff Contact: Emily Henahan Murry; 202-225-9286;
emily.murry@mail.house.gov